UPDATE OF BOARD OF REGENTS TUITION SET-ASIDE PROGRAM TO IOWA LEGISLATURE FISCAL COMMITTEE

October 18, 2012



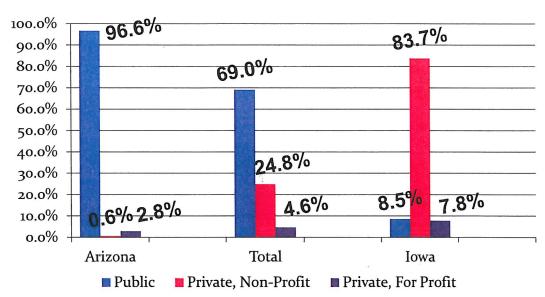
Board of Regents created Financial Aid Committee in June 2012 "to provide a comprehensive analysis about tuition set-aside, alternative funding sources for student financial aid, and policy implications."



ANALYSIS OF CURRENT ENVIRONMENT

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COMPARISON OF STATE NEED-BASED GRANT AID AWARDED TO STUDENTS ATTENDING PUBLIC AND PRIVATE INSTITUTIONS OF HIGHER EDUCATION



PUBLIC UNIVERSITIES IOWA UNDERGRADUATE STUDENTS WITH NEED 2011-2012

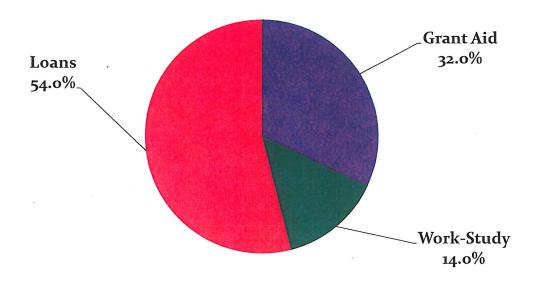
Number of Students	Total Unmet Need after Pell and Iowa Grant Aid	Average Unmet Need after Pell and Iowa Grant Aid	
26,304	\$263,616,536	\$10,021	

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GRANT AID AWARDED BY THE PUBLIC UNIVERSITIES TO IOWA UNDERGRADUATE STUDENTS WHO DEMONSTRATED NEED 2011-2012

Number of Students	Amount of Grant Aid	Aver age Award
14,310	\$37,116,933	\$2,593

AVERAGE PROPORTION OF STUDENT FINANCIAL AID AWARDED TO STUDENTS ON COST OF ATTENDANCE OF \$19,500 2010-2011



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TUITION SET-ASIDE

Tuition set-aside is commonly used by both public and private institutions of higher education for institutional grant aid.



TUITION SET-ASIDE EXAMPLES

- Arizona: 14-17% of resident UG tuition. Additional institutional aid also offered
- ➤ Florida: 30% of tuition differential (part of tuition increase) set aside for need-based aid
- ➤ Nevada: Goal of 15% at four-year institutions
- ➤ North Carolina: Minimum of 25% of tuition increases
- >Texas: 15-20% of tuition above certain level
- ➤ Washington: Requires increase in set-aside when tuition increases more than specified amount
- Indiana: Institutions may implement set-asides for need and/or non-need



RECOMMENDATIONS

Create a new state-funded student financial aid program for Iowa undergraduate students who attend an Iowa public university and who demonstrate need.



YEAR ONE (2012-2013)

➤ Board requests an additional legislative appropriation of \$39.5 million to implement a state-funded student financial aid program for lowa undergraduate students who attend one of the public universities and who demonstrate need.

YEAR TWO (2013-2014)

➤ Board reduces Iowa undergraduate tuition by a rate commensurate with the amount of additional state-funded student financial aid program appropriated for Iowa undergraduate students who attend one of the public universities and who demonstrate need effective for FY 2015.

YEAR FIVE (2016-2017)

➤ Board directs the Board Office and the institutions to review the success of the state-funded student financial aid program for lowa undergraduate students who attend the public universities and who demonstrate need and to recommend needed changes.



Request that the university foundations implement fundraising campaigns targeted at increasing private funding for lowa undergraduate student financial aid.



Upon implementation of the statefunded program, revise the Board of Regents Policy Manual to reflect the removal of tuition set-aside language upon creation of the state-funded student financial aid program for lowa undergraduate students.

